

Yemen Policy Note 4:

# Inclusive Service Delivery



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## Acronyms

GARWSP	General Authority for Rural Water Supply Projects
ICT	Information and Communication Technology
LCs	Local Corporations
MOE	Ministry of Education
MOT	Ministry of Transport
MOTe	Ministry of Telecommunication
MOTr	Ministry of Trade
MOPHP	Ministry of Public Health and Population
MOWE	Ministry of Water and Environment
PEC	Public Electricity Corporation
PWP	Public Works Project
RAP	Rural Access Program
SFD	Social Fund for Development

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# Inclusive Service Delivery IN POST-CONFLICT YEMEN

## 1. Introduction

### Objectives of the Note

The ongoing conflict in Yemen has led to substantial destruction of physical infrastructure and significant disruptions in public services, livelihoods, income and well-being of individuals and households throughout the country. With little signs of the conflict abating, innovative options are now being explored to rehabilitate infrastructure and restore services during and immediately after conflict. This note reviews the existing service delivery landscape in Yemen, examines immediate to short term institutional and implementation challenges in service delivery (energy, water, telecommunications, transport, education, health etc.), and proposes a framework for rapid restoration and enhancement of service delivery in post-conflict Yemen. This note is part of a broader set of notes examining *Inclusive Service Delivery in Yemen* and it serves as an umbrella note to identify the common challenges, as well as outline a shared set of principles, priorities and approaches in service delivery restoration.

### The context

The UN estimates that the more than 2 years old Yemeni conflict has killed over 10,000 civilians, wounded over 30,000 and displaced over 2.8 million. It has also put more than 21.1 million people (80% of the population) in dire need of humanitarian assistance. Currently, 14.4 million Yemenis are said to be food insecure of which 7.6 million are severely food insecure. Moreover, it is estimated that over

24.3 million lack access to electricity and 19.4 million lack clean water and sanitation. Chronic drug shortages, unpaid salaries and conflict-related destruction have restricted access to health care services for almost 14 million Yemenis, including 8.3 million children. More than 1.8 million children are out of school, bringing the total number of non-school-going children to more than 3 million, while an estimated 1,600 schools remain closed. The 2016 DNA estimates the total losses and damages to agriculture, fisheries and livestock to be over US\$3 billion.

Therefore, restoring service delivery and livelihoods, including reconstructing basic infrastructure that has been damaged by the war, while also mobilizing institutions of service delivery in an inclusive and resilient manner, has become an essential priority in Yemen. However, in order to do that, donors would have to deal with hard realities and critical challenges related to security and politics, including: 1) the limited chances of durable peace and stability returning to the country in the short to medium-term, and 2) the significant burdens conflict has placed on the ability of development partners to operate freely across the country to provide developmental assistance. Therefore, donor support for inclusive service delivery, either in an in-conflict or post-conflict situation, would require 'out-of-the-box' solutions that recognize Yemen's unique context and service delivery landscape and support pragmatic interventions with a strong focus on enhancing inclusiveness and local-level resilience.



## 2. A Service Delivery Landscape in Transition

Service delivery in Yemen has always been challenged by a series of factors, including political instability, high population growth, widespread poverty, severe resource constraints and weak social, economic and governance institutions. Additionally, since unification in 1990, Yemen has experienced two broad societal transformations (World Bank, 2006). They are:

- the shifting systems of production to a market economy from subsistence agriculture (in the north) and command economy (in the south); and
- expansion of the role of the state, thereby changing local power dynamics and institutions – both formal and informal.

Historically, tribes have controlled large areas of Yemen as autonomous entities that are loosely connected with a central state. This has led to highly independent local communities, reliant on tribal or communal mechanisms (such as Local Development Associations) for self-preservation. However, since unification, the state has actively tried to penetrate deeper into the society via decentralization of state institutions and cooptation of traditional and tribal norms into the formal system. While this increased the presence of the state in local communities to some extent, it also made the transgression of traditional rights increasingly common (World Bank, 2006).

These pre-war transformations led to the geographic expansion public services, but they also caused the breakdown of traditional collective action mechanisms within communi-

ties. For instance, customary laws entrust Sheiks with the management of communal lands used for grazing and firewood collection, but the weakening of traditional norms allowed some Sheiks to sell these communal land as personal property, thereby undermining their communal use. In Southern governorates, land was returned to absentee owners forced out during the socialist era without adequate safeguards to protect small farmers who were cultivating the land. This led to rampant land grabbing and a proliferation of claims, further compounded by a weak system of land registry.

Therefore, the disruptions relating to the current conflict has to be viewed in the context of the service delivery landscape that was already under considerable stress due to these broader societal transformations, with significant impact on equity and inclusivity of service provision. While the service delivery landscape has definitely expanded its geographical coverage in the run up to the current war, it has also made the distributions of services at the local-level less inclusive due to the breakdown of traditional community-level institutions and capture by local elites.

## 3. Pre-conflict System of Service Delivery in Yemen

The adoption of the ambitious Local Authority Law (LAL) in 2000 allowed the state to expand its reach by establishing a framework for decentralized local government system in Yemen.<sup>1</sup> The LAL aimed to achieve a system of service delivery via 22 governorates and 333 districts, each with directly elected local coun-

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<sup>1</sup> The LAL was complimented by several bylaws including the Executive Regulation of the Local Authority Law, decree 269 of 2000 (ER), the Financial Bylaws of the Local Authority, decree 24 of 2001 and the Organizational .Bylaw for Governorates and Districts, decree 265 of 2001

cils, administrative secretariats (called diwans) and executive organs (local departments of service delivery ministries). The head of the local authority and council was the governor (at the governorate level) and the district director (at the district level), both of whom were appointed civil servants.<sup>2</sup> The Governor and the district director were supported by general secretaries who were elected from within the council. Although local councils were established to devolve power and encourage local participation in service delivery, the form of decentralization in Yemen is, in practice, a mix of deconcentration and devolution, with national ministries continuing to play a major role (Romeo and El Mensi 2010).

Broadly, there are three types of service delivery arrangements in Yemen: (1) services that are managed locally by districts and/or governorates (e.g., waste management), (2) services that are managed centrally by ministries and technical agencies, sometimes directly from the center (e.g., ICT) and at other times via deconcentrated agencies at the local level (e.g., electricity) and (3) services that have *de jure* or *de facto* hybrid modalities and arrangements (e.g. water).

In sectors like Education, Health, Public Works and Agriculture, the executive organs of the ministries are present in almost all governorates and districts. In principle, they are an integral part of the local authority but are also accountable to their central ministries (i.e. accountable to Local Councils through governors and district directors for the implementation of local plans and budgets, and to their respective central agencies for sector policies, national programs and employment). In practice, however, these branch offices tend to be primarily accountable to their respective central ministries (Romeo and El Mensi

Since May 2008, regional governors (but not district directors) are meant to be indirectly elected by a college of district and governorate councilors in their respective governorates

2010). Further, local executive offices often contain their own administrative support departments, which duplicate the functions that a support department within a Local Council should provide. In sectors like water and electricity, utility agencies like the Local Water Corporation (LWC) in urban areas and Public Electricity Corporation (PEC), are responsible for service delivery. In highly centralized sectors like ICT services, the central government plays the nodal role in all aspects of service delivery.

Moreover, different laws and regulations that govern the operation of the primary (Finance, Planning and International Cooperation, Civil Service) and sector (Health, Education, Agriculture, Water and Environment) ministries often contradict the LAL (Romeo and El Mensi 2010). This has led to inconsistencies and duplication between central and local organs in local decision-making and reporting procedures relating to services.<sup>3</sup>

**Table 1: Institutional Framework for Service Delivery in Yemen**

	Planning & financing	Delivery	Monitoring
Water	MOEW/GARWSP	LC/GARWSP	LC/GARWSP
Electricity	MOEE	PEC	PEC
ICT	MOTe/Pvt. sector	Pvt. Sector	MOTe
Transport	UT	MOTr	LCs
	High-ways	RAP	RAP
	Rural	RAP	RAP
	Aviation	MOT	MOT
	Ports	MOT	MOT
Education	MOE	MOE	MOE
Health	MOPHP	MOPHP	MOPHP

With respect to financing of local infrastructure and service delivery, the local authority at the governorate and district level is allocated a recurrent budget by the central government through the MOF. The district local

For instance, though Ministry of Education is responsible for delivering K-12 education, the funding of educational institutions is under the direct control and regulation of the Ministry of Finance. Also, though staffing of educational institutions is under the direct control of the Ministry of Civil Service, Governorates are responsible for appointing new principals and teachers, assessing needs for new positions and determining budgets

authorities receive a capital transfer, which they program through an annual planning and budgeting process. In contrast, the governorates receive only a recurrent budget and rely on shared revenues generated at the district level to finance capital investments. For decentralized agencies, both capital and current expenditures come through their ministerial budgetary allocations.

Therefore, for all intents and purposes, service delivery in Yemen remains primarily a responsibility of the State administration and branch ministries and continued to be implemented under centralized chains of command and control. As such, Local Councils cannot be held accountable for services delivery in their jurisdictions as they simply do not have control over the operating expenditures associated with them and do not have an administration of their own to take responsibility for services delivery.

#### 4. Key Issues in Service Delivery

Even before the current conflict, Yemen faced significant challenges of access, quality, accountability, capacity in service delivery.

**Gaps in access:** Due to resource constraints and other institutional barriers, large segments of Yemeni population had limited access to key infrastructure and services. For instance, Yemen was considered the least electrified country in the MENA region even before the start of the conflict. Installed capacity was about 1,200 MW, giving only about half the population access to (often unreliable) electricity. The remainder of the population lacked any form of electricity access. Energy poverty was both a symptom of poverty and an impediment for the reduction of poverty.

Before the conflict, Yemen was already one

of the most water-deficient countries. For instance, in 2012, 55% of the population had access to an improved drinking water source, but there was vast disparity between the wealthier segments of Yemeni society who had 99% access and the poor who had only 8% access. Furthermore, 2015 data from UNICEF and SFD shows that only 29% of the population had access to piped water, while only one third of the rural population use improved latrines or toilets.

In 2015, according to the Human Development Indicators, Yemen was ranked 160 out of 188. In educational outcomes, Yemen had one of the lowest literacy rates in MENA with adult literacy rate at 48.9% (Females 28.4% and Males 69.5%)—even before the conflict. Meanwhile, 38% of school-age children were out of school, with girls constituting 56% of that number. Urban and rural disparities in access to education are especially wide. Poverty, demand for child labor and inaccessibility are widely cited reasons for non-attendance at school.

Yemen's infant and child mortality rates are among the highest in the MENA region and maternal mortality rate is among the highest in the world. Nearly half the population was underweight before the conflict and more than half of the children were malnourished. The lower social status of women and girls and their restricted mobility are believed to have a negative effect on their health status and ability to get care. The health situation was also compounded by the perverse effects of qat chewing.

**Lack of staff and weak capacities:** A recent review of World Bank's support to the Energy sector in Yemen found the interventions largely unsuccessful due to the mismatch between the Bank's strategy and the governance and

institutional capacity on the ground. The main public institutions in the energy sector, specifically the Public Electricity Corporation (PEC) and the Ministry of Electricity and Energy (MEE), were found to have severely inadequate institutional capacity to implement large investments with multiple contracts in a timely manner. Severe institutional weaknesses are endemic in major central agencies, such as Ministry of Education, Ministry of Health, Ministry of Public Works and Highways, etc.

Similarly, at the local-level, the lack of staff and weak capacities affects the workings of local councils, line ministries and service delivery agencies. It invariably obliges councilors without professional administrative training to take on responsibilities at the secretariats. This changes their role from that of a public representative to one of a civil servant, albeit without qualification. This also puts the councils in a weak position vis-à-vis the executive offices, especially at district level, in terms of service delivery. Local-level executive offices also tend to struggle with poor skills, weak capacities and corruption.

Much of the available capacity is located in Sana'a and a small number of large cities while rest of the country is starved of qualified service delivery personnel.

**Dysfunctional institutional model:** Different laws and regulations govern the operation of the primary (Finance, Planning and International Cooperation, Civil Service) and sector (Health, Education, Agriculture, Water and Environment) ministries, and these sometimes contradict the LAL. This has led to inconsistencies and duplication between central agencies and local organs in the local decision-making and reporting procedures, and general confusion regarding the roles, functions and authorities of central agencies vis-a-vis local governments in matters of pub-

lic expenditures and service delivery. Over and above, specialized entities like the Social Fund for Development and the Public Works, which are often supported through donor programs, play a major role in service delivery, operating outside the core governmental system.

**Weak downward accountability:** Although local councils were originally established to encourage local participation, the actual planning and delivery of public services at the local-level takes place in a top-down fashion via a system of standing committees. Each local council has three standing committees, namely 'planning and finance committee', 'social affairs committee' and 'service committee'. Generally, the latter two committees conduct field visits to identify needs of the community and report back to the 'planning and finance committee', which then makes plans and submits them to the district council for approval, after which they are sent to the governorate council for review and approval. The space for community members to participate in the planning process, monitor public spending and provide feedback to public officials is virtually nonexistent.

This is compounded by extensive elite capture. Tribal leaders have enjoyed a disproportionate level of influence in running of local administrations and delivery of services. This has often given undue weight to the preference of tribal sheiks to the exclusion of broader inclusiveness in service delivery. The weak downward accountability mechanisms have further aggravated this situation.



## 5. Impacts of the Current Conflict on Service Delivery

**Changes in demand:** Yemen witnessed changes in demand for certain services during the conflict. For instance, for health services, demand increased, as the escalation of the conflict in Yemen has left an estimated 14.1 million people, including 7.4 million children, in need of health care UNICEF (March 2016). One fifth of all vaccination centers and district vaccine stores are now closed down; medicine and medical equipment are in short supply while many health workers have been killed, injured or fled. According to the UNDP Yemen Resilience Monitor (April 2016), lack of access to basic and obstetric health care, clean water, sanitation facilities, food and shelter, particularly the most vulnerable group of young children and mothers will suffer from malnutrition, infectious diseases, and preventable causes of death. Furthermore, UNICEF estimates that nearly 10,000 children under the age of five may have died in the past year from preventable diseases as a result of the decline in key health services such as immunization against preventable diseases and treatment of diarrhea and pneumonia. The estimates also show that 2.5 million children face the threat of diarrhea diseases and over 320,000 are at risk of severe acute malnutrition. In addition, over 1.3 million children are at risk of acute respiratory tract infections and 2.6 million of them under the age of 15 are at risk of measles. – UNICEF (March 2016)

On the contrary, demand for services in education and waste management decreased. Specifically, more than 1.8 million additional children have been out of school since mid-March 2015, bringing the total school-age population out of school to more than 3.4 million (half of all school age children). Nearly 3,600 schools were closed with the escalation of the conflict in March 2015. Although schools re-opened in November 2015, over 1,600

schools remain closed due to insecurity, infrastructural damages or use as shelters by displaced people, mainly in al-Jawf, Sa'ada and Taiz governorates. Furthermore, Yemenis reduced consumption led to lower per capita generation of waste in Amran, Aden, Hajja, Al Mukalla, Sa'ada, Sana'a cities, according to the UNDP Emergency Waste Assessment (August 2015).

**Supply chain disruptions:** During the ongoing conflict, Yemen also witnessed changes in the supply of certain services. Specifically, restriction on imports of certain items like food, fuel and medicines cause disruptions to local markets, crippling the economy and bringing services to a standstill. According to March 2016 data from Yemen Crisis – Yemen Fragile to Failed, basic services and infrastructure in Yemen are on the verge of collapse due to the lack of fuel, supplies and financial resources. While fuel was in short supply even before the conflict, it is now very scarce, causing schools, health facilities, water and sanitation systems, or solid waste collection to shut down as they can no longer be operated. Similarly, damages and shortages in supply of electricity, fuel, water and personnel caused nearly 600 health facilities to stop operating UNICEF March 2016).

Service provision is also affected by a reduction of staff due to the inability to pay salaries since the deepening of the conflict (UNDP Emergency Waste Assessment, August 2015) particularly in Amran, Aden, Hajja, Al Mukalla, Sa'ada, Sana'a cities. Additionally, service provision is affected by limited operating budgets at governorate level, as governorates spend most of their limited or available budget on civil servant salary payment. According to the UNDP Yemen Resilience Monitor – Local Governance (April 2016), civil service pay in 2014 was the largest total governorate expenditure item, and the operational costs (excluding salaries) was only 3-10% of the to-

tal expenditures. For instance, 86.8% of Taiz governorate expenditure went to cover salaries, 9.2% were spent on development projects, and 4% on operational costs (UNDP Resilience Monitor, April 2016).

Additionally, service provision is negatively affected by lack of resource transfers from the central government and reduced revenue collection by local authorities and other government institutions engaged in service delivery (e.g. Cleaning Fund), since many citizens can no longer pay their taxes and user charges, and/or the banking and mobile phone services are disrupted. This results in serious challenges for the provision of public services like water, sanitation, electricity and solid waste management.

**Donor Withdrawal:** Service provision is further affected by the retreat of development partners and the associated reduced funding or lack of funding as well as capacity support. Though more than 70 humanitarian organizations have continued to provide badly needed assistance to vulnerable groups throughout the conflict, access constraints, damaged infrastructure and unreliable access to fuel, together with a lack of funding, have hampered their efforts. As of December, the UN's appeal for \$1.6bn (£1.25bn) to allow it to assist 11.7 million people in Yemen was only 58% funded

**Infrastructure damages:** The ongoing conflict caused severe damages infrastructure. For instance, according to reports, more than 100 health facilities have either been partially damaged or completely destroyed by conflict. The UN was able to verify 63 attacks on health facilities. A fifth of all vaccination centers and district vaccine stores are now closed down. Also the UNDP Resilience Monitor (April 2016) reports damages to local authorities' offices in Sa'ada, Hajja, Sana'a, Taizz, Aden & Abyan governorates)

The ongoing conflict also damaged physical assets – vehicles, computers etc. For instance, the UNDP Emergency Waste Assessment (August 2015) reports damages to the waste collection fleet in Amran, Aden, Hajja, Al Mukalla, Sa'ada, Sana'a cities). Meanwhile, over 1,600 schools remain closed due to insecurity, infrastructural damages or use as shelters by displaced people, mainly in al-Jawf, Sa'ada and Taiz governorates. As of January 2016, some 1,170 schools were unfit for use due to damage, presence of IDPs or occupation by armed groups (impacting 387,000 children) – UNICEF (March 2016). Meanwhile, more than 70 health facilities in Yemen have been destroyed by airstrikes since March 2015. Many of these have been public health hospitals staffed or supported by Doctors Without Borders (MSF).

**Coping strategies:** The UNDP Yemen Resilience Monitor – Coping Strategies (April 2016) collected data in August and September 2015 from 1152 families across six governorates. They identified four prominent coping strategies, employed mainly by urban Yemenis: (i) 35% of families borrowed food/ money to buy essential items or relied on help from friends and relatives; (ii) 34% of families relied on less preferred and less expensive food; (iii) 25% of families limited portion size at meals/ reduced the number of meals, and (iv) 12% of families borrowed used alternative energy sources. Another coping strategy was displacement. According to March 2016 data, displacement levels increased from 334,000 in December 2014 to 2.4 million in February 2016 (with half of the displaced being children).

Furthermore, in the absence of institutional assistance, 6% of families participated in community-based relief initiatives. According to a survey conducted by the UNDP Yemen Resilience Monitor on Local Governance issues (April 2016), 69.4% of the respondents in Sana'a had no confidence at all in the

Sana'a local authorities to provide services, which was shared by 60.7% of respondents in Aden, but only by 37.3% of respondents in Taiz – highlighting variances in local service provision and in perceptions about the effectiveness of local authorities.

## 6. A Model for Strengthening Inclusive Service Delivery in Yemen

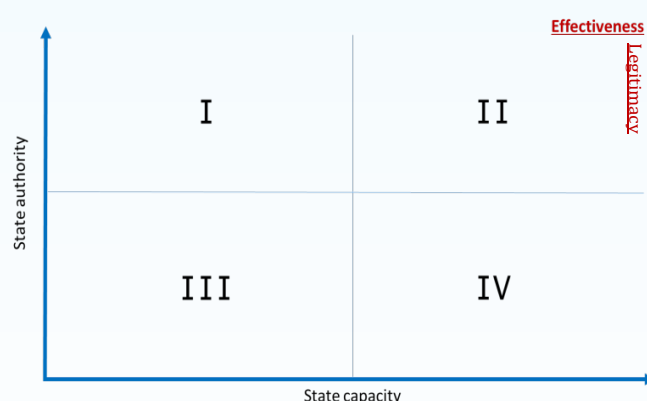
There is a need for new thinking on Yemen to support more sustainable and inclusive ways of service delivery and thus improve the living conditions of people and enhance local level resilience to recurring cycles of conflict. This stems from the following facts:

- reduced prospects of enduring peace and increased likelihood of long term instability. Any peace deal is likely to bring only short term respite in the ongoing conflict as fundamental issues of contestation, legitimacy and authority are not being addressed.
- limitations and failures of old models of development support to not only recognize the fundamental causes and effects of conflict and fragility but also, importantly, enhance the resilience and coping capabilities of households, communities and institutions and to ensure services and livelihoods during periods of conflict (as much as post conflict).
- indeed, in certain cases, well-intentioned but misguided external support for state building has sometimes lent to enhanced conflict, less effective institutions and reduced resilience of populations to conflict.

Given this context, it is vital to develop new and innovative ways to support the Yemen,

adjusting to the above facts. To do this, we propose a new approach that focuses on attending to the most urgent service delivery needs in the most affected parts of Yemen, while also incrementally enhancing inclusiveness, resilience and, thus, the effectiveness of service delivery institutions.

Figure 1: Key Attributes of a Functioning State



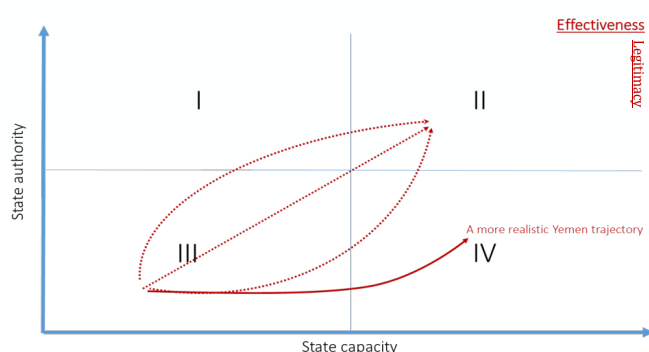
The proposed model allows us to understand 'functioning states' along two dimensions: (i) state authority which leads to state legitimacy, and (ii) state capacity which leads to state effectiveness. Legitimacy in this context is defined as the ability of the state to project authority on a range of parameters among them, holding to territory, having a monopoly on violence, representing the sovereign in treaties and agreements and managing monetary policy. Effectiveness is defined as the capacity of the state to engage citizenry extensively, undertake broad public service delivery (as opposed to a narrow and clientilistic approach), mobilize resources (including taxes and natural resources) for public benefit, and have a capable and representative civil service.

States that operate with the greatest degree of legitimacy and effectiveness are in the top corner of Q II while those with least degree of legitimacy and effectiveness are placed at the

bottom of Q III. The model assumes that different states take on varying trajectories over time as they evolve. The role of external partners is vital, especially in terms of providing the appropriate type of support for the most probable trajectory of state legitimacy and capacity that an FCS is likely to assume.

In this two dimensional framework, Yemen is presently in Q III. It is not able to project authority and claim legitimacy or function as an effective state and deliver services. Too often, we assume that states in near perpetual conflict, like Yemen, can, with external support and over time, move to stable equilibriums where the state has both legitimacy and effectiveness. However, in states like Yemen, oftentimes, the underlying causes of conflict are rooted in the contested state authority and legitimacy. Based on historical data and prevailing conditions, we argue that a much more realistic and reasonable medium term target for Yemen would be to enhance its capacity and transition to a more capable state that can deliver services, manage resources and engage citizens better, as in Figure 2 below.

**Figure 2: A Probably Trajectory of State Building for Yemen**



Past approaches during both times of peace and in post conflict reconstruction primarily relied on working through national agencies — ministries, utilities, quasi-public agencies — even when the objective was meeting local service delivery needs. At least a few of the

national agencies also has strong local foundations — for example, the SFD the PWP and the Road Maintenance PIU. The main features of such an approach were:

- Planning, resource allocation and decision-making processes are top down, even when the agencies are consultative and responsive at the local level.
- Capacity is a top down function and the ability to resume service delivery after conflict is largely dependent on the readiness and ability of national agencies to deploy such capacity at the local level. A number of exogenous and endogenous factors at higher levels, including elite compacts, availability of resources, capacity constraints, etc, in turn, influences this.

The new model would require us to focus on a long term, incremental and organic pathway of bottom up state building. This approach will enhance the resilience of the populations to recurring cycles of fragility and conflict as well as serve as an indirect route to state legitimacy, over time.

The proposed approach departs from the past in two significant ways:

- It adopts a local-first approach. The ‘local’ is defined rather broadly in this context. It depends on the scale and scope of service, and the degree of direct citizen engagement, institutional coordination and resource requirements needed for effective service delivery. For example, it could be community associations or user groups in rural areas, utility agencies in urban areas,



district and governorate local authorities, or the deconcentrated office of a central agency but strengthened to operate more autonomously at the local level.

- Unlike a hierarchical model of state structure, in this case, the powers and functions of center, intermediate and local tiers and their associated institutions of service delivery are based on mutual dependence and incrementally evolving.

In summary, the new approach implies the following areas of greater emphasis with regard to inclusive service delivery in Yemen:

1. Sequencing priority sectors: Jump-starting services to address the most urgent needs in the most critical service sectors (for e.g., health, water, energy, ICT etc.);
2. Local-first approach: Capacitating local institutions including civil society institutions and the private sector, and enabling them to become more participatory, inclusive and resilient;
3. Connecting different levels of state: The local-first approach does not mean a neglect of the other levels of government. Instead, the sustainability of the local-first approach is tied to the interdependencies that could be successfully created across territories and across local, regional and higher institutions in managing natural resources, development of infrastructure, delivering services, etc.
4. Innovative resourcing and service provision: Ensuring sustainability of service delivery through mobilizing and

deploying conflict-resilient resources, especially since the central government may not be in a position to provide resources for service delivery. In this context, the role of the private sector (both formal and informal) as well as non-traditional service providers assume greater significance;

5. Inclusive-enough coalitions: Enhance social cohesion through coalitions built around service delivery, livelihoods and management of local resources; and

6. Reimagining community: Focus on local and regional level institutions for an effective bottom-up state building approach rather than depending on either, a top down, or a decentralized approach.

## 7. Operationalizing the New Service Delivery Model

In the following section we explore specific operational implications of the new approach in relation to each of the sectors explored within this paper. The respective input papers under each sector expands on the discussed mechanisms/approach in greater length.

1. Sequencing priority sectors:
  - a. In this regard, the Energy paper highlights how support for the sector could focus on adopting simple, flexible and innovative solutions aimed at supporting other public services and pro-poor outcomes. In this regard, the paper emphasizes the importance of keeping in mind the vital role that electricity plays in supporting other public services, improving livelihoods, and

strengthening the overall economy.

b. Similarly, the ICT paper recommends ways to leverage the existing mobile network in Yemen—which has thus far proven resilient in conflict—to facilitate/enable the delivery of services. For instance, the paper points out how the existing technology can be used towards higher-level (conflict mitigating/state building type) objectives including, using mobile money for cash transfers to address social inequalities, exploring ways to adopt telemedicine and crowdsourcing data-collection to improve health sector outcomes, facilitating citizen engagement and community participation via ICT platforms, and using a mobile platform for real-time donor coordination etc.

c. The Transport paper also calls for a greater focus on roads that are vital for service delivery in prioritizing rehabilitation/maintenance.

## 2. Local-first approach:

a. The Energy paper calls for moving away from the Bank's previous practice of financing large scale public-sector infrastructure aimed at increasing the provision of electricity, to explore alternative models of energy investments. The paper points out how Yemenis were unable to fully leverage support to large scale infrastructure due to severely weak institutional capacities of the Public Electricity Cooperation (PEC) and Ministry of Electricity and Energy (MEE). Therefore, the new approach calls for supporting simple, flexible and innovative solutions—including solar power—based on a decentralized or municipal-level focus with innovative procurement and

financing arrangements.

b. The Education paper also highlights how the highly centralized education services had made the sector vulnerable to political capture in light of the weak institutional capacities of Ministry of Education (MoE). For instance, in the current conflict, schools in Sana'a had been ordered to abandon newly revised first-grade Arabic textbooks despite their usage in Aden. Therefore, the new approach calls for moving out of the centrally-controlled top-down method to a more school-based-management (SBM) approach in close collaboration with communities and Mother and Father Councils (MFCs).

c. Similarly, the Transportation paper calls for the empowerment and strengthening of local authorities—both at the governorate and district level—and for the adoption of participatory approaches and closer community engagement to implement and maintain rural roads. The paper argues that local-level institutions should be strengthened with adequate training, knowledge transfer, and technical capacity-building.

d. The Water sector makes a distinction between urban and rural WASH services and calls for a localized (deconcentrated and/or decentralized) approach in rural areas.

## 3. Connecting different levels of state:

a. The Education sector paper calls for the local-first approach to be reinforced by parallel capacity-building and awareness-raising support to MOE, schools, and communities to

strengthen accountability and governance of the sector.

b. V, the Health sector paper calls for a mixed approach adopting a whole gamut of methods including support for fixed-facilities (under the Ministry of Health) as well as support for mobile teams and community-based methods to expand the coverage of the services to a maximum extent. The approach also calls for building capacities of local-level institutions and staff and building closer partnership between central institutions and local CSOs and private sector partners for last-mile service delivery support, development of infrastructure, etc.

c. While the Transportation paper calls for a more decentralized approach for the rehabilitation/maintenance of roads, it acknowledges the equal importance of supporting central transport installations such as airports and seaports. As such, the ultimate success of the approach will depend on the extent to which the support to the local level and the central level could complement each other.

d. The Water sector paper too argues how lot of the conventional support of providing immediate cash infusion for salaries and procurements, repairing of major damages, rehabilitation of wells and pumps, re-equipment of operation and maintenance capability, and emergency sanitation and health education provision etc. may still apply with regard to urban services.

#### 4. Innovative financing:

a. The Energy sector paper calls for innovative financing sources making realistic and practical use of the Bank's new procurement framework,

specifically donor-led procurement and hands-on extended implementation support (HEIS).

b. Meanwhile, the ICT paper highlights how mobile communication has opened the door to Mobile Money, expanding the payment system linking people to banking services without having a bank account. Mobile money allows for the direct transfer of credit to an individual's personal mobile phone at very low transaction costs. This increases options available for financing including cash transfers.

#### 5. Inclusive-enough coalitions:

a. The Water sector paper highlights the need to promote close coordination between main agencies (GAR-WSP, SFD, PWP) and international donors (UNICEF, Save the Children, Oxfam, other International NGOs etc.) with a strong community participation component with regard to rural water services in particular.

b. The Health sector paper too calls for a mixed approach supporting fixed-facilities, mobile teams and community based outreach efforts to expand the coverage of the services. It also calls for strengthening partnerships between service delivery institutions and local CSOs and private sector for last-mile service delivery support.

#### 6. Reimagine community:

### **Figure 3: Reimagining Institutional Relations in Service Delivery**

- The new approach acknowledges the vital role that alternative mechanisms—such as CSOs and the private sector—can play in delivering services.

Today, in many services—for example, water, power, health and local security—formal and informal private providers are already stepping into the vacuum left by the public sector. The new approach entails supporting such efforts with through recalibrating the role of public sector, addressing supply chain weakness, strengthening the private providers and enhancing accountability and inclusivity in delivery.

- The new approach acknowledges the high levels of variance among regions and communities with regard to the degree of state authority, capacity, resources, natural endowments etc. and the need to adopt solutions to fit the unique situation in each region, local jurisdiction and/or community with-

changes on the ground overtime.

Forni, Olmo et al. 2015. *Yemen: Emergency Waste Assessment*. UNDP Yemen.

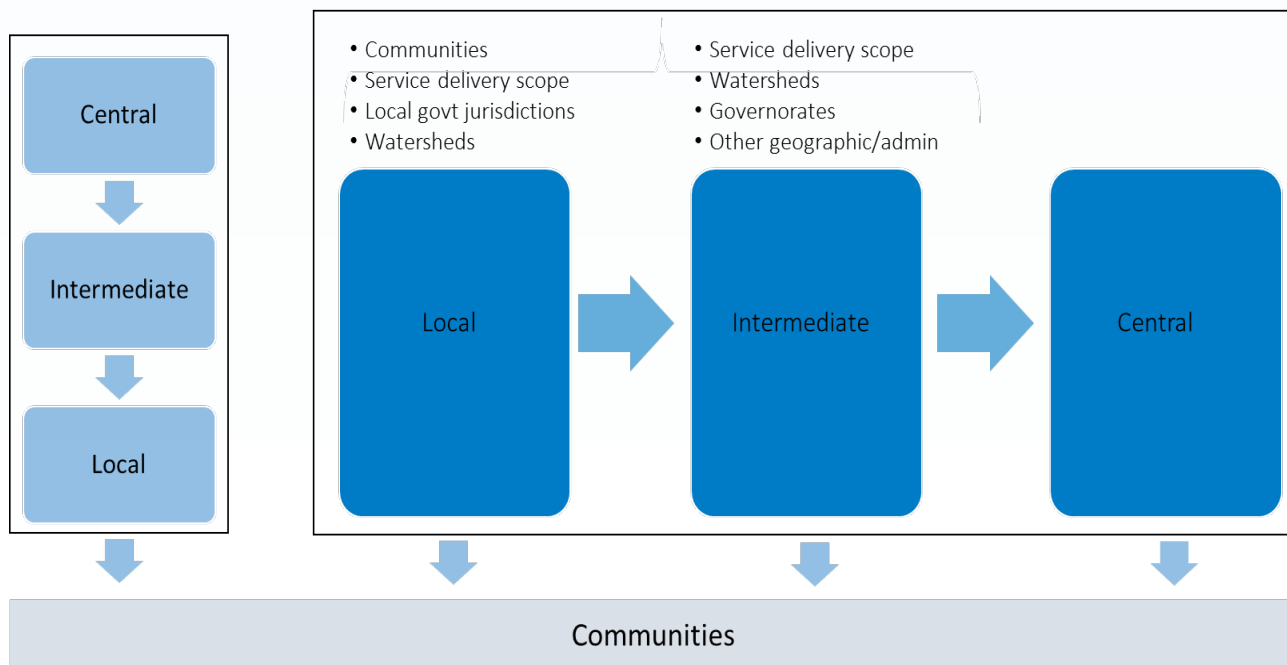
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Vertical transfer of capacity and resources vs horizontal enhancing of resilience and effectiveness



in an overall framework of enhancing state capacity and effectiveness. Additionally, the new approach envisages certain degree of dynamism in the interventions to evolve as the situation

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# ANNEX 1: SUMMARY OF SERVICE SECTOR POLICY NOTES (INPUT NOTES)

## Energy sector

The focus of the World Bank and other donors in supporting the Energy sector in Yemen previously had primarily been on financing large scale public-sector infrastructure aimed at increasing the provision of electricity. However, severely weak institutional capacities of the Public Electricity Cooperation (PEC) and Ministry of Electricity and Energy (MEE) had prevented the country from leveraging this support to the maximum extent, instead dividing the country into those with access to electricity and those without. Therefore, the note suggests the exploration of alternative models of service delivery keeping in mind the vital role that electricity plays in improving livelihoods, supporting other public services and strengthening the overall economy. The proposed alternative method calls for adopting simple, flexible and innovative solutions—including solar power—with a greater focus on supporting public services and pro-poor outcomes based on a decentralized or municipal level focus with innovative procurement and financing arrangements.

## Transport

The policy note on the transport sector<sup>V</sup> identifies several issues plaguing Yemen's transport sector, including the weak and underdeveloped planning and budgeting process, gross mismanagement within Ministry of Public Works and Highways (responsible development of the entire road network in Yemen) and Ministry of Transport (responsible for the development of ports, airports, land and sea transportation needs of Yemen), inadequacy and unreliability of data and maps, and poorly coordinated upgrading of existing roads and maintenance etc. as being the most critical issues facing the sector. The policy note goes

on to highlight that, despite the establishment of an autonomous Road Maintenance Fund (RMF) in 1996, with its own revenue source and maintenance planning capability, the road sector remains severely underfunded. In the immediate aftermath of the conflict, therefore, the note identifies the need to provide emergency support for rehabilitation and maintenance of physical infrastructure in key cities like Aden and Sana'a, ports of Aden and Hodeidah, and upgrading of aviation safety equipment, before supporting broader institutional and governance reforms in a more medium to long-term timeframe.

## ICT

Experience around the world (from Afghanistan, Iraq, Somalia) has shown how the telecommunication sector could be extremely resilient even in fragile and conflict situations. This is often attributed to the high profits that telecommunication markets tend to yield, both for private and public operators, even during conflict—in some instances becoming even more profitable than in peace times. At the same time the note emphasizes specific challenges that mobile operators in Yemen face including direct attacks on their infrastructure and tribal demands to allow access to engineers to damaged infrastructure in their territories etc. The note also points out the great potential that reliable telecommunications can play in stabilizing post-conflict situations. The restoration and availability of telecommunications directly supports the building of public confidence in the state thereby fostering peace and stability. Additionally, the ability to communicate and share information across the country in a uniform and unified manner helps the government re-establish its government apparatus at the national, governorate or the district and village level, allowing it to respond better to its citizens. Also reliable



information can help dispel misinformation, propaganda, and rumor etc. which may fuel tensions. Moreover, ICT also helps donors better coordinate their humanitarian relief while supporting civil participation and greater inclusiveness.

## Water

Highlighting that Yemen is one of the most water scarce countries in the world, Yemen's WASH diagnostic identifies several of the country's cities rapidly running out of water. At the same time, as poverty has been steadily increasing in Yemen over the past decade, the diagnostic identifies that this has exposed the poor to even greater livelihood risks. Though there have been modest improvements in water and sanitation services, the report points out, stark gaps between the urban and rural areas as well as among the poor and the non-poor have put these gains at risk as well. While emphasizing the need to strengthen WASH service provision and for the sector to become financially sustainable, the diagnostic also point-out that the most appropriate combination of local and central support for and control of the water sector will ultimately be dependent on the shape and conclusion of the on-going conflict. In the immediate term, the diagnostic identifies the need to reconstruct and rehabilitate water systems and work with alternative service providers in a safe, sustainable manner. Meanwhile, in the medium and long-term, the diagnostic highlights the need to address systemic issues relating to the sustainability of water and sanitation services.

## Health

Historically support to the Health sector has tended to revolve around providing fixed-facility healthcare with subsidized drugs and healthcare packages through outreach inter-

ventions. However, issues of access and quality had led to an underutilization of these services. Therefore, the new approach calls for a mixed approach adopting a whole gamut of methods including fixed-facility, mobile teams and community based outreach to expand the coverage of the services to a maximum extent. The approach also calls for building capacities of local-level institutions and staff building closer partnership with local CSOs and private sector for last-mile service delivery support.

## Education

The policy note on education identifies the main post-conflict challenges facing the sector to be the lack of a common vision among different stakeholders and the Ministry of Education (MoE) and the lack of clarity on roles of responsibilities of various levels of government (central, governorate, district levels), NGOs, Civil Society Organizations (CSOs) and private sector partners. Additionally, it identifies capacity constraints (of school leadership and parent councils), weak fiduciary mechanism, and lack of adequate monitoring and evaluation mechanisms to track progress undermining the sector. The policy note proposes a series of immediate post-conflict interventions ranging from immediate support to get the schools functioning including the rehabilitation of light damages, providing textbooks, providing alternative learning options for IDPs and out-of-school children, as well as psychosocial support for students and teachers. In a more medium to long-term timeframe the note proposes training and support for teachers, school leadership, and parent councils and broader institutional capacity building support to MoE to improve scope and quality of education services. In the long term, the note calls for recognizing the value of education in strengthening social cohesion and building a long-term strategic vision of using education as a means of strengthening state legitimacy.

## Annex 2: A Normative Model for a Local-first Approach to Inclusive Service Delivery

Function	Policy Standards Oversight &	Provision & administration	Production & Distribution	Comments
Telecommunications	U, N	P	P	National regulation and management ideal
Environment	U, N, S, L	U, N, S, L	N, S, L, P	Externalities of global, national, state, local scope
Monetary policy, currency, banking	U, ICB	ICB	ICB, P	Independence from all levels essential. Some international role for common discipline
Interstate commerce	Constitution, N	N	P	Constitutional safeguards important for factor and goods mobility
Transfer payments	N	N	N	Redistribution
Criminal and civil law	N	N	N	Rule of law, a national concern
Industrial policy	N	N	P	To avoid beggar-thy neighbor policies
Regulation	N	N, S, L	N, S, L, P	Promotes regional equity, internal common market
Fiscal Policy	N	N, S, L	N, S, L, P	Coordination is possible
Natural Resources	N	N, S, L	N, S, L, P	Promotes regional equity, internal common market
Education, Health & Social Welfare	N, S, L	S, L	S, L, P	Transfers in kind
Highways	N, S, L	N, S, L	S, L, P	Benefits and costs of various roads vary in scope
Parks & Recreation	N, S, L	N, S, L	N, S, L, P	Same as above
Police	S, L	S, L	S, L	Primarily local benefits
Water, sewer, refuse	L	L	L, P	Same as above



